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ABSTRACT

Texas is shifting to an integrated, systems-oriented approach to providing work force services for its residents and employers in which all services are guided by a single mission and vision. Implementation strategies are clearly focused on achieving common results. Accountability means being able to ensure taxpayers, residents, employers, and society that public investments are being prudently managed and yielding positive returns. The current accountability system for Texas work force development services can be characterized as follows: largely programmatic and categorical; driven for the most part by federal legislative and regulatory requirements; focused primarily on performance management rather than evaluation; founded upon an artificial and inappropriate distinction between systems and program goals; suffering from roles/relationships confusion among the major state work force partners; disproportionately focused on process not outcomes or impacts; emphasizing participant results to near total exclusion of employer-oriented measures and management or evaluation mechanisms; ad hoc evaluations whose findings have been poorly integrated into policy decision making; and very uneven across various programs and agencies. Steps recommended to move towards a systems evaluation approach to accountability are organized into three phases to be taken before June 30, 1997; from July 1997-June 1999; and from July 1999-June 2001. Major tasks, actors with responsibility, and timelines have been identified. (Contains 41 references.) (YLB)

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Evaluation Action Plan

for the Texas Workforce Development System

Christopher T. King
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Executive Summary

Texas is in the process of shifting from a categorical, program-specific approach to providing workforce services for its residents and employers to one which is integrated and systems oriented. This shift follows from the passage and subsequent implementation of two major pieces of state legislation: Senate Bill 642, the Texas Workforce and Economic Competitiveness Act of 1993; and House Bill 1863, which amended it in 1995. Such a shift requires a fundamentally different approach to evaluating its workforce development effort.

Accountability in an Integrated Workforce System

Within an integrated workforce system, all available resources are guided by a single mission and vision, and implementation strategies are clearly focused on achieving common results. This integrated service delivery system must be supported by a management system which includes all the traditional management functions—planning, organizing, staffing, operating and controlling—and all of the necessary connections among them, i.e., critical feedback loops and the data collection and reporting systems required for managing such a system.

In the broadest sense, accountability means being able to ensure taxpayers, as well as both major workforce development system customers—residents (e.g., students, actual and potential workers) and employers—and society as a whole, that public investments are being prudently managed and are yielding positive returns to both society and those being served.

The Current System

The current accountability system for Texas workforce development services can be characterized as: largely programmatic and categorical; driven for the most part by federal legislative and regulatory requirements; focused primarily on performance management rather than evaluation; founded upon an artificial and inappropriate distinction between systems and program goals; suffering from roles/relationships confusion among the major state workforce partners, e.g., the Texas Council on Workforce and Economic Competitiveness (TCWEC) v. the Texas Workforce Commission (TWC), the Governor's Office (GO) and Legislative Budget Board (LBB) v. TWC and other administering agencies; disproportionately focused on process not outcomes or impacts; overwhelmingly emphasizing participant results to the near total exclusion of employer-oriented measures and management/evaluation mechanisms; evaluations, where they have been done, have been ad hoc and their findings poorly

integrated into mainline state policy decisionmaking at the highest levels; and very uneven across the various programs and agencies.

Major Gaps and Challenges

There are a number of major gaps in the current accountability system, some of the more important of which include: workforce service and agency boundary issues; strategic plan discrepancies; TCWEC authority issues; the independence and funding mechanisms for the Texas State Occupational Information Committee (SOICC), which has been serving as the key entity linking the various administrative data sets for management and evaluation; and the need for revisions to the existing core performance measures.

Recommended Next Steps

A number of important next steps are recommended to move towards a systems evaluation approach to accountability for Texas workforce development services. These recommended steps are organized into three broad phases. Phase I consists of steps to be taken immediately, i.e., before June 30, 1997. Phase II offers a series of longer-term steps to be taken from July 1997 through June 1999. And, Phase III presents steps which should be taken over the long run, between July 1999 and June 2001. This approach recognizes the immediate pressures to set in place some measures that will allow the system to respond to the elected and appointed officials who inevitably ask the straightforward questions, "Is it working?" and "Are we making a difference?"

Evaluation Action Plan

Phase I: Immediate (present - June 1997)

1.1	Establish the Entered Employment Rate and Average Earnings Gain Based on Previous Earnings as the key workforce measures for the next Biennium, for all workforce operating agencies. (LBB, GO & TCWEC)	3/97
1.2	Design and establish performance "targets" for Entered Employment Rate and Average Earnings Gain measures. (TCWEC, partner agencies)	3/97
1.3	Modify the existing core performance measures, eliminating several and making technical corrections to others. (TCWEC, partner agencies)	6/97
1.4	Design the remaining core measures, including access/equity, employer-oriented, skill attainment and cost-effectiveness (e.g., return-on-investment) measures. (TCWEC, partner agencies)	6/97
1.5	Identify the basic data reporting elements required to support the core workforce performance measures. (TCWEC, partner agencies)	6/97
1.6	Reinstitute SOICC's status as an independent entity and provide for its funding. (Legislature)	6/97

Phase II: Longer-Run (July 1997 - June 1999)

2.1	Clarify key actors' strategic roles and relationships in the workforce system. (TCWEC)	10/97
2.2	Redo the workforce system's strategic planning process, substantially revising existing goals/objectives. (TCWEC, state/local partners)	12/97
2.3	Bring the state and local workforce planning, budgeting and funding process in line with the state's biennial planning and budgeting cycle. (LBB, GO, TCWEC, state/local partners)	6/99

2.4 Refine the remaining core measures, including employer-based, access/ equity, skill attainment and program advancement. (TCWEC, state/local partners) 1/98

2.5 Identify the basic data reporting elements required to support additional core performance measures. (TCWEC, state/local partners) 6/98

2.6 Develop better mechanisms for communicating service goals, objectives and measures to local boards et al. (TCWEC, partner agencies) 6/99

Phase III: Long-Run (July 1999 - June 2001)

3.1 Appropriate all federal and state workforce funds through TCWEC to workforce agencies and provide TCWEC with limited authority to modify agencies' allocations to achieve system objectives. (Legislature) MM/99

3.2 Reserve 5-10 percent of appropriated federal and state workforce funds for rewarding state agencies and their local counterparts based on their contributions to system performance. (Legislature) MM/99

I. INTRODUCTION

Texas is in the process of shifting from a *categorical, program-specific approach* to providing workforce services for its residents and employers to one which is *integrated and systems oriented.* This shift follows from the passage and subsequent implementation of two major pieces of state legislation: Senate Bill 642, the Texas Workforce and Economic Competitiveness Act of 1993 and House Bill 1863, which was signed into law in 1995 amending the former act. Such a shift requires a fundamentally different approach to evaluating its workforce development efforts in many important respects, many of which are characterized below.

The purposes of this paper are to:

- Present important concepts which underlie an ideal workforce delivery system and its accompanying accountability system;
- Offer the outlines of an ideal workforce accountability system for Texas;
- Summarize the status of the current accountability system for workforce services;
- Outline major gaps and challenges in developing and implementing the new accountability system; and
- Provide an *systems evaluation action plan* for moving Texas from the current to the ideal accountability system over the next few years.

II. SETTING THE FRAMEWORK

Defining Workforce Development

State law defines workforce development as encompassing two major service components: workforce education; and workforce training and services. The former generally refers to career-path programs that lead to some sort of recognized diploma, credential or associates degree. Workforce training and services are defined as other training and services related to maintaining and enhancing worker skills and productivity.

In this context, workforce development can be broadly defined as all of those services related to developing, maintaining and utilizing the active or potential labor force (e.g., Bakke 1963; Harbison 1973). This definition includes preparation for work (K through 12 education) and further training for those employed as well as those unemployed. It is a life long process of both working and learning. Institutionally speaking, the workforce system encompasses a number of major subsystems that must be strategically woven together into the whole cloth of an integrated system. For public policy purposes, the primary subsystems are: the public education system; so-called "second-chance" services for those not realizing their productive potential in the labor market; and employer-sponsored training on the job or in the classroom.

This definition is intentionally broad to give a sense of the breadth and depth of the workforce agenda. As a point of entry or a way to move forward with systems development efforts in Texas, the initial focus here is on labor exchange, postsecondary subbaccalaureate education, training and related services. This approach is also followed by a number nationally recognized education and training experts (e.g., Grubb 1996a, 1996b).

Accountability in an Integrated Workforce System

Within an integrated workforce system, all available resources are guided by a single mission and vision, and implementation strategies are clearly focused on achieving common results (i.e., measurable objectives). This integrated service delivery system must be supported by a management system which includes all the traditional management functions—planning, organizing, staffing, operating and controlling—and all of the necessary connections among them, i.e., critical feedback loops and the data collection and reporting systems required for managing such a system (Mackenzie 1969). Accountability can be viewed as part of the traditional management control function at every level.

In the broadest sense, accountability means being able to ensure taxpayers, as well as both major workforce development system customers—residents (e.g., students, actual and potential workers) and employers—and society as a whole that public investments are being prudently managed and are yielding positive returns to both society and those being served. Thus, there are three broad components to an accountability system: fiscal accountability, compliance accountability, and what has been commonly referred to as program accountability, as follows:

- *fiscal accountability*, i.e., making sure the dollars are spent for allowable purposes, in the appropriate time frame, etc., according to federal and state legal and regulatory requirements;
- *compliance accountability*, where the concern is that services and the way they are provided comply with requirements of each of the various funding sources; and
- *program accountability*—referred to here as services effectiveness and results accountability to reflect the shift from programs to services—is concerned with whether the services provided are making a difference, i.e., are performance expectations being met, both in terms of pre-established measures and standards and realizing a positive return on the public investment?

It is this latter component which is the focus of this paper. Fiscal accountability is certainly necessary, a sentiment many *former* administrators and managers readily echo. But, fiscal accountability by itself, is not sufficient for ensuring an effective workforce development system.

The basic framework within which a workforce accountability system should function is characterized in Figure 1. On the *strategic* level, broad goals and objectives are developed out of a highly structured, inclusive planning process, conducted at both the state and local levels. Strategic goals and objectives are established at a relatively high level of aggregation and represent broad statements of the direction workforce services should be leading for its customers. These are accompanied by a set of core systems performance measures and standards which are established in close relation to the strategic goals and objectives. At the strategic level, some type of rewards and sanctions process also must be in place to ensure that workforce performance has appropriate implications, whether positive or negative, at the strategic level. The principal mechanism for measuring and ensuring workforce service accountability strategically is *systems evaluation*.

Figure 1
The Basic Framework

Strategic	Operational
Strategic Goals & Objectives	Operational Goals & Objectives
Core Systems Measures & Standards	Core Operational Measures & Standards
Systems Evaluation	Performance Management
←Program/Services Evaluation→	
Rewards & Sanctions	Rewards & Sanctions

A completely parallel construct applies at the *operational level*, starting with a set of workforce goals and objectives. Operational goals and objectives translate broader strategic visions into more practical, day-to-day statements of direction which are measurable and potentially attainable for those responsible for workforce efforts at both the state and local level. Core performance measures and standards then relate to these goals and objectives and are implemented through the performance management process with appropriate rewards and sanctions.

Strategic and operational accountability should be linked through the conduct of periodic service effectiveness/impact evaluations which seek to ensure that process and near-term performance standards applied at the operational level are valid indicators of longer-term net impacts for customers. For example, such evaluations attempt to determine whether and to what extent workforce job placement standards are correlated with long-term net impacts on earnings resulting from such services. These evaluations also offer important information for those responsible for administering and directing workforce service provision, including indications concerning the efficiency and effectiveness of particular service strategies (e.g., training, job search) in general and for population subgroups of special interest. To the extent possible, operational and systems accountability mechanisms should be *complementary*, moving state and local workforce efforts in the same direction.

The framework offered above is developing. With few exceptions, workforce services historically have been provided in a program-specific, highly categorical environment. Most aspects of workforce-related services have been proscribed, from goals and objectives, to target populations and service strategies. Not surprisingly, the management and evaluation terminology which surrounds the field exhibits similar emphases and shortcomings. In recent years, a handful of efforts have been made to

address accountability in a more systemic manner (e.g., Barnow 1992; Blalock 1990, 1996; King 1988; Rossi and Freeman 1993; and Trott and Baj 1996). But, as with all developmental efforts, the terminology is uneven and sometimes inconsistent. Experience with systems can be expected to improve the terminology and the sharpen the tools considerably over the next few years.

Performance Management and Evaluation

It is also helpful to distinguish between performance management on the one hand and evaluation on the other. These terms are widely used, too often interchangeably. Clearly defining them should improve the discussion of accountability roles and relationships which follows. (Figure 2 provides some of the key distinguishing features of evaluation and performance management.)

Rossi and Freeman (1993) state that *comprehensive evaluation* —the term most closely corresponding to the integrated workforce system context addressed here—can be defined as "[r]esearch and analysis covering the conceptualization and design of interventions, the monitoring of interventions, and the assessment of program utility" (p. 2). Few evaluation treatments address the issue of evaluating *an entire system*, whether for delivering workforce or other services. Evaluation tends to be relatively comprehensive and attempts to address broad questions of design, service provision and impact where possible. It is often an activity which, by design, can only be performed over a period of several years, though some questions may be answered more quickly.

Performance management, on the other hand, can be defined as a process utilized by administrators and managers for systematically measuring performance resulting from workforce interventions against a set of predetermined expectations and subsequently rewarding and/or sanctioning those intervening in order to achieve improved results. Performance management thus is an ongoing, day-to-day management function or process comprised of clearly articulated goals and objectives, a series of performance measures and their associated standards, a systematic methodology for establishing and adjusting the standards, and a series of rewards and/or sanctions (Barnow 1992). These elements should be firmly grounded in a clearly articulated performance management philosophy, which might ultimately aim to attain "world-class" performance, to foster continuous improvement, or to minimize substandard performance for example (Barnow and King 1996). Performance management provides continuous feedback to the managers, agencies and organizations responsible for monitoring the delivery of workforce services at the relevant level. Program monitoring is a component of performance management at the state and local level.

Figure 2:
Performance Management v. Evaluation

Performance Management	Evaluation
• Used largely by program managers and administrators, at the local & state level	• Used largely by policymakers, administrators, planners & others, more at the state than local level
• Focuses on services & their near- term (gross) outcomes	• Focuses on broader issues of service strategies & their effects, including net impacts for key groups
• Features process & outcome elements	• Features process, outcome/impact & comprehensive systems elements
• Short-run measurement period	• Longer-term measurement period
• High frequency of use	• Periodic frequency of use
• Relies on many, detailed measures	• Uses few, broad measures

Again, evaluation—whether systems or services, process or outcomes—and performance management function as integral, interrelated parts of an accountability system. They need to work in tandem and must be congruent, such that efforts found to be performing well against standards established for a performance management mechanism should also be associated with effective results for the wider system. Over time, the connection between these two accountability mechanisms needs to be bolstered and reinforced.

Types of Evaluation

Several key types of evaluation are relevant to this discussion. Evaluations may be either *systems* or *services evaluations*, each of which may have both *process* and an *outcomes (impact)* dimensions. Moreover, benefit/cost or cost-effectiveness issues are often addressed in the course of evaluating workforce education, training and related efforts (Rossi and Freeman 1993; Gramlich 1990). To clarify further:

> ***Systems evaluation*** is defined here as systematically measuring and gauging the implementation, effectiveness and efficiency of the (workforce development) system as a whole, whether at the state or the local level. As such, it looks *beyond* specific services and their results, focusing instead on the results of interventions encompassing *broad service strategies*.

Blalock (1996) advises that systems evaluation is necessarily *horizontal* in nature and cannot address questions of *net* impact: a design which randomly assigns residents (or employers) to differing services may be feasible for an evaluation of a particular service, service strategy or program, but it is incapable of evaluating the effects of a system as a whole.

> ***Services evaluation*** is defined as systematically measuring and gauging the implementation, effects (including net impacts) and efficiency of particular services.

Many designs can be developed for conducting such evaluations, depending on the particular questions at hand. Implementation designs may be needed to examine whether the services are being provided as planned and serving the designated groups. Gross outcome, quasi or true experimental designs may be called for to gauge issues of outcomes or net impacts of services. These may be coupled with benefit/cost analyses for addressing efficiency or resource use.

Regardless of the type of evaluation or performance management, well designed, ongoing feedback loops to their respective audiences—policymakers for evaluation, and administrators and managers for performance management—are essential for continuously improving performance over time.

Service Variation in a Universal Access System

One of the more distinctive facets of the newly integrating workforce system is that both sets of customers, residents and employers, are offered universal access to the system. However, universal access does not mean that every customer is guaranteed access to every possible service offered. Every customer has access to some level of service, but the *types of service* provided are going to vary with the customer's needs and—at least until categorical federal and state programs give way to more flexible block grants—eligibility. Anyone should be able to access basic services offered by career centers offer (e.g., job vacancy information). Others will be guided to self-help services (e.g., job finding), while others with skills deficiencies might be referred to more intensive, developmental services. In essence, at least a three-pronged array of workforce service strategies should be available to customers depending upon their particular needs and other factors. As will be evident shortly, this inherent tension between universal access and needs-based service strategies makes the task of devising simple access/equity performance measures for more difficult than it has been under a traditional programmatic regime.

The Marbled Cake Analogy

An analogy may prove helpful to better understand some of these concepts and their applicability. In essence, the emerging system offers governance and management responsibilities which resemble the texture of a marbled—as distinct from a layer—cake. In an ideal intergovernmental workforce system, governance and management responsibilities are not the exclusive right of any one level of government. Influence and control are *shared*, in this case both between state and local government, and among the key actors at each level in the system (Reagan 1972). Absolute control, as it has existed in the more traditional hierarchical program model, is no longer imposed from above by the state.

III. ACCOUNTABILITY IN THE IDEAL SYSTEM

Key Actors Revisited

While the new Texas workforce system and key elements of the accountability system described above are embedded in state law, certain federal laws also apply, particularly the Job Training Partnership Act, where performance measurement and the concept of evaluating return on investment are well-established. Together, these legal requirements set the framework for an outcomes-based accountability system for Texas.

In an integrated workforce system like that envisioned in state law, performance management and evaluation functions—like the other management functions—are shared among a number of state agencies, as well as with their local counterparts across the state. In such an interdependent system of shared responsibilities, the actors have primary but not exclusive roles. Moreover, their responsibilities cannot be neatly sorted along state lines or between the state and local levels. Adding to the confusion, the role a particular actor is playing at any given time often depends on where one is in the accountability cycle; the lead and supporting roles inevitably shift back and forth as the process unfolds and the focus changes.

Further, it is important to reiterate that performance is always measured and results evaluated in terms of expectations, either implicitly or explicitly stated. Ideally, these expectations are expressed as mission, vision, goals and objectives statements and their related success measures. All are products of strategic and operational planning. In short, in the ideal integrated management system, strategic and operational planning, performance management and evaluation are inextricably linked.

Sorting Lead and Support Responsibilities

At the State Level. Under existing law, a number of actors have key performance management and evaluation responsibilities. At the state level, the Governor's Office (including the governor himself), the Legislature, the LBB, the State Auditor's Office, TCWEC and state agencies managing workforce funds, all have important roles to play assessing performance and evaluating results. This latter group includes the Texas Workforce Commission (TWC), Higher Education Coordinating Board (HECB), Texas Education Agency (TEA) and the Texas Department of Commerce (TDoC).

The Legislature, through its Workforce Development Legislative Oversight Committee, as well as the State Auditor and the State Comptroller of Public Accounts (especially its Texas Performance Review)—though not formally part of the state's workforce system—also have strong and continuing interests in performance

management and evaluation issues and in the results of the state's workforce development efforts.

All of these agencies are highly dependent on reliable information to carry out their responsibilities. Some of these data they generate on their own, while the rest must come from their partners in the workforce system. SOICC works with the state agencies generating the primary data and plays an important supporting role, gathering, formatting, and disseminating information throughout the system.

Strategically, the key actors at the state level, other than the Legislature and the Governor, can be sorted along lines of their responsibilities into two groups: those with lead responsibilities for strategic planning, budgeting and evaluation; and those agencies charged with managing workforce funds to achieved the desired performance and overall system results.

The Governors' Office, LBB and TCWEC. Functioning above the state agencies, the Governor's Office, LBB and TCWEC share lead responsibility for developing strategic objectives, core measures and standards for measuring performance and evaluating results in the state's workforce system. This process should be part of the biennial strategic planning and budgeting process and include representatives of the relevant state agencies and their local counterparts (e.g., local workforce boards and their primary service providers, public schools community colleges, education co-ops, etc.).

The State Auditor's Office plays an important supporting role here as well. The State Auditor certifies performance measures which are established for the various programs, including workforce development, determining they can be and are being measured accurately. Typical ratings issued in their regular Audit Reports on Performance Measures series include: certified as accurate; certified with qualifications; inaccurate; and unable to certify due to various problems (e.g., math errors, definitional problems, wrong time period, etc.).

The resulting strategic plan, specifically the service objectives, is the yardstick by which performance and results are assessed and the statewide workforce system is ultimately held accountable. It provides the foundation for all of the other elements in the performance management and evaluation system, i.e., the measures, standards, rewards and sanctions policies and the supporting data requirements.

These three entities also have responsibility for ensuring that each state agency represented on TCWEC develops operational plans (with complementary performance measures, standards, rewards and sanctions) and budgets for managing their workforce funds consistent with the strategic objectives and core measures. Further, they have responsibility for reviewing and approving each agency's operational plan and budget for

providing workforce services, including their proposed performance measures, standards, rewards and sanctions policies and supporting data requirements.

Finally, they participate in regular reviews of the system's progress toward meeting performance expectations and review all evaluation findings. In the evaluation arena, they should focus on returns on results of public investments in workforce development and makes recommendations for system and services modifications to the Governor, the Legislature, the state administering agencies or local workforce boards, as appropriate.

There are some responsibilities at this level which fall primarily to TCWEC. Specifically, they should work with the state agencies to develop joint planning guidelines for use by local workforce boards, as well as related planning information for other workforce entities involved in strategic and operational planning. TCWEC is also responsible for reviewing local workforce plans and makes recommendations to the governor for approval. Finally, under federal law, TCWEC is responsible for advising the Governor on performance measures related to federal workforce funds managed by those state agencies represented on the Council. All of this should take place in the jointly developed framework outlined above. At this level in the system there are both performance management and evaluation responsibilities.

In this ideal system, the Legislature would appropriate funding for workforce services through TCWEC, consistent with the state's strategic plan and the operational plans of each of the agencies managing workforce funds. TCWEC would function much like the current Health and Human Services Council (HHSC) with some authority to modify agency plans and budgets to accomplish the service objectives of the system. In addition, rewards (financial incentives) and sanctions would be tied to performance and evaluation results at this level. A small amount of the total state appropriation for workforce services, maybe five or ten percent would be reserved at this level to reward state agencies and their local counterparts. Under this approach agencies, for the first time, would receive at least some of their funding based on performance rather than on the numbers they enroll—a radical idea whose time has come.

The State Agencies. Within the strategic framework above, state agencies managing workforce funds have the lead in setting operational objectives, performance measures and standards and develop operational strategies consistent with the state's strategic objectives and core measures. As administering agencies they review local plans and make recommendations to TCWEC for their approval or disapproval and regularly monitor state and local operations to ensure that state performance expectations are being met.

The service accountability function here is clearly one of performance management, developing operational objectives and core services measures, monitoring and assessing performance of the agency and its service providers. Undoubtedly, there are numerous evaluative judgments related to performance, however, the primary focus at this level is on efficiently and effectively providing services called for by the agencies and their local counterparts.

At the Local Level. Under state law, local workforce boards have strategic responsibilities for planning, overseeing and evaluating all workforce development activities in their areas. As such, they are clearly the lead actors in the state's performance management and evaluation system at the local level. As part of the larger state-local system, however, they set objectives and performance expectations for the local workforce system within the state's pre-established objectives and measures framework which they were involved in developing. (Note: at this point the state framework includes the strategic core measures and operational measures set by the various state agencies administering workforce funds, if any. To not overly limit local flexibility, state agencies should not add measures unless they are specifically required by the funding sources.) Given the fact that we have a decentralized system, local boards are free to add additional objectives and measures so long as they complement state objectives. They should also be allowed to make adjustment to state standards for their areas within ranges set by the state.

In addition to strategic responsibilities, local boards also have operational planning, contracting and performance management responsibilities for the workforce funds they directly control—e.g., JTPA, JOBS and Food Stamp E&T, but not Career and Technical or Adult Education.

Under this arrangement, the performance management and evaluation responsibilities of the local boards are both strategic and operational. First, they should assess performance and evaluate results of all workforce developments activities in each of their areas in terms of their own strategic objectives and measures. Second, they must more narrowly focus on the performance of those service providers supported with funding directly available through the local boards, i.e., those marketing services to employers, operating the career development centers or providing developmental services such as basic education and skills training to local residents referred from the career centers.

Goals, Objectives, Measures and Standards

There are a number of key principles that should guide the development of goals, objectives, measures and standards in an integrated workforce system like that described here.

1) A single goals/objectives/measures hierarchy should govern the planning and delivery of all workforce development services in the state. An overarching set of strategic goals, objectives, measures and standards should be established to guide the planning activities of state workforce agencies, local workforce development boards and their operating entities.

2) Operational goals, objectives, measures and standards should then be developed within the state-established framework. To ensure the "interconnectivity" of the system, standards should be clearly tied to specific measures which are tied to objectives which are, in turn, tied to goals.

3) Fewer goals, objectives, measures and standards are far better than more. Multiple goals always call for multiple objectives, each leading to its own measure and standard. The result is too many differnt expectations which inevitably obscure and divert attention from the system's primary mission.

4) Rewards and sanctions should be clearly connected to a common set of measures and standards which are used to both assess performance and evaluate results.

5) All of the key stakeholders should be actively involved in the strategic planning process at both the state and local levels, but the process should be dominated by the system's customers, the employers and residents of Texas.

6) The planning terminology should change. It is no longer a discussion about funding for discrete *programs* and *clients*, but about financing a *system* that provides *services* to *customers*.

Adhering to these principles should allow the Texas workforce system to develop and implement a much better set of goals, objectives, measures and their associated standards.

IV. A BRIEF ASSESSMENT OF THE CURRENT SYSTEM

Based on a recent assessment conducted by Center researchers this fall (King et al. 1996), the current accountability system for Texas workforce development services can be characterized as:

- *programmatic and categorical*, with the exception of recent efforts to develop and implement core (cross-program) performance measures;
- *federally driven* for the most part in terms of federal legislative and regulatory requirements;
- focused primarily on *performance management* rather than evaluation—and the two are virtually unrelated at present;
- founded upon an *artificial and inappropriate distinction* between systems and program goals established in the existing workforce strategic plan;
- suffering from *roles/relationships confusion* among the major state workforce partners (e.g., TCWEC v. TWC, Governor's Office/LBB v. TWC and other administering agencies);
- disproportionately focused on *process* not outcomes or impacts, again except for the recent initiative to implement core performance measures and the longstanding JTPA and ES efforts, as well as more recent ones for postsecondary Career and Technical Education;
- overwhelmingly emphasizing participant results to the near *total exclusion of employer-oriented measures* and management/evaluation mechanisms;
- evaluations, where they have been done, they have been *ad hoc* and their *findings poorly integrated* into mainline state policy decisionmaking at the highest levels, e.g., the Texas JOBS Evaluation (King et al. 1994, Schexnayder and Olson 1995);
- based on program/participant data collection and reporting systems which are tied to federal requirements and mechanisms for tracking longer-term results which are cobbled together and financed on an ad hoc, program-by-program basis (e.g., SOICC's Automated Student Learner Follow-up System described in Froeschle and Anderberg 1994, 1995);
- very uneven across the various programs and agencies: accountability systems—especially those for performance management—are well developed and feature both process and outcomes elements in both JTPA and Career and Technical Education (e.g., HECB 1996a-d), but are altogether lacking in the others. These two efforts reflect far more comprehensive thinking and approaches to accountability than efforts elsewhere, yet these are still program-based and not as well tied to true impacts as they need to be.

With a few notable exceptions, the current workforce accountability system is deficient in many important respects. Despite all of the efforts made and funds expended

to build and maintain workforce accountability systems to date, there is vast room for improvement, especially if Texas is "[to] develop a state/local strategic planning, evaluation and accountability system ..." (TCWEC 1994).

Key Actors, Their Roles and Responsibilities

There are numerous conflicts and incongruencies inherent in the existing workforce development system's policies and structure. These stem both from the lack of comprehensive workforce reform at the federal level, as well as from the framework established by SB 642 and HB 1863. Some of the more important of these are highlighted here.

TCWEC v. Workforce Operating Agencies. In 1993, SB 642 established TCWEC as an autonomous state agency, complete with its own appointed board, to serve as one of the nation's first overarching human resource investment councils authorized under the 1992 JTPA Reform Amendments (and corresponding changes to related federal laws). TCWEC, in this incarnation, was essentially placed above the various operating agencies for purposes of planning and evaluation, an appropriate structural relationship. However, HB 1863 subsequently "demoted" TCWEC to being just another arm of the Governor's Office, even while retaining its key strategic planning, performance management and evaluation functions, and consolidating many of the workforce programs and services within the newly created TWC. The net result of these 1995 changes has been that TCWEC in many important respects lacks the requisite power and standing in Texas government to carry out its functions effectively, especially those pertaining to evaluation. This is a general problem affecting all of its relationships with the partner operating agencies, but no where is this conflict more apparent than in its relations with the Higher Education Coordinating Board and its responsibilities for evaluating Career and Technical Education in the state.

The Coordinating Board, since the late 1980s, has developed a relatively comprehensive, multi-dimensional system for assessing and working to improve the performance of Career and Technical Education efforts across the state. The federal Carl D. Perkins legislation also specifies a number of performance management and evaluation responsibilities which are to be carried out by the entity/entities administering such efforts within the state; in the case of postsecondary education, this entity is the Coordinating Board. The policy structure under HB 1863 then sets up a largely unworkable environment within which TCWEC is to evaluate all workforce development services systemically, including those already being examined via the Coordinating Board's mechanisms.

SOICC. The Texas SOICC, as indicated above, has been very proactive in terms of generating labor market information and related tools and performing administrative data linkages and the necessary tasks needed to support more systemic evaluation of the state's workforce development system. It was particularly well suited for performing such tasks when it was made part of the original TCWEC in 1993. Once it became a subpart of the newly created TWC in 1995, however, its status became problematical. For SOICC to serve as an autonomous entity which is regarded as fair and objective in performing its data-related functions in support of evaluation, it needs to be truly outside the orbit of any of the operating workforce agencies. Subsumed under TWC as is now the case—despite the fact that its day-to-day relationships with TWC is, in practice, more that of an independent project utilizing TWC more as its fiscal agent—this status is severely compromised.

In addition, SOICC continues to secure the revenues it needs to operate the Texas Automated and Student Learner Follow-Up System, as well as it Consumer Report Card Project, on an ad hoc basis from each of the workforce operating agencies and programs. These efforts, which are vital to the systemic evaluation process, are also compromised by SOICC's inherently dependent, service provider relationship with them.

State/Local Relationships. One of the more important incongruencies affecting the state agencies'—especially TCWEC's—relationships with the local workforce boards is that HB 1863 envisions their being held accountable for *all* the workforce services provided within their workforce area. However, given that only the "second-chance" programs (e.g., JTPA, JOBS) have actually been placed under their direct control, they are being put in a very difficult position: to what extent and through what mechanism can they be held accountable for services which are beyond their control? Should these boards be brought to account for Career and Technical or for Adult Basic Education, efforts which they can only influence at best? These *influence/control issues* are at the heart of the performance management and evaluation system.

Workforce Goals and Objectives

The state's first strategic framework for workforce development services—statements of mission, goals, objectives and core measures—was included in the Council's strategic plan and approved by the Governor in June 1994. This common framework, updated after the passage of House Bill 1863 and again approved by the Governor in 1996, is designed to guide the Council, state workforce agencies and their local counterparts as they work together to develop an integrated workforce system that provides quality services to Texas employers and residents—services that help make

employers and residents more competitive in the global economy (Figure 3). As previously noted, together, these statements of mission, goals, objective and performance expectations make up the first and most important element in the state's performance management and evaluation system.

Figure 3
State Workforce Goals

Systems Goals

Goal 1. To develop a statewide system supporting local career development centers where all students, workers, clients and employers can conveniently access a network of information and services responsive to their individual needs.

Goal 2. To develop a state/local strategic planning, evaluation and accountability system for the state's workforce development programs and activities.

Program Goals

Goal 3. All Texans will have the literacy, basic education and basic workplace skills necessary for educational and career advancement.

Goal 4. Participants/workers will acquire the occupational skills to meet workplace requirements for long-term employment and work toward sustaining employment in high-skill, high-wage occupational areas.

Goal 5. All youth will be prepared with the knowledge, skills and behaviors necessary to make the transition into meaningful, challenging and productive pathways in high-skill, high-wage careers, and for life-long learning.

Core Workforce Performance Measures

The Council also led the multi-agency effort which produced eight (8) core performance measures (Figure 4), "an initial set of measures based on the outcome-oriented goals and objectives set forth in the [Council's] strategic plan" (TCWEC 1996). Five (5) of these measures have been approved and are in varying states of implementation, by legislative rider in the case of TWC and by Council requirement, as approved by the Governor, for the other state agencies on the Council. They have also been included in SOICC's follow-up system. The remaining three have been approved but not yet specifically defined. Rather than align each of the measures with its appropriate goal, they are presented in the Strategic Plan in categories—the first five with definitions approved, the next three pending, and last two under development for future Council consideration.

Figure 4
Core Performance Measures

LABOR MARKET OUTCOMES

1. **Entered Employment Measure** - This measure reflects the number or percentage of people who were employed at the conclusion of the programs. It attempts to assess the extent to which the participant's employment was a result of program services and efforts. TWC has operationalized the definition as follows:

- Entered Employment Rate—percentage of program participants who, after exiting the program, secure employment and have wages reported in the Unemployment Insurance wage record system during or after the full quarter subsequent to the exit quarter.

2. **Earnings Gains Measures** - These measures reflect earnings gains at designated periods. Earnings rates and gains reflect both the quality of jobs participants were placed into and the extent to which the training they received prepared them for advancement in the labor market. Two of these measures also have been operationally defined by TWC, as follows:

- Earnings Gains Rate Based on Previous Earnings
- Earnings Gains Rate Based on Program Entry—"The difference in average post-service earnings rate and average earnings rate at program entry"... measured by UI wage records for a period of "one program year beginning with July 1 ...."
- Average Earnings Gains Based on Previous Earnings—"average change in earnings of post-program participants at three and five years after program exit" ... measured by UI wage records for each program year.
- Average Earnings Gains Based on Program Entry

3. **Employment Retention Measure** - This measure reflects whether participants in the programs have retained employment over time. This measure provides information about the extent to which the skills learned were appropriate to the labor market, i.e., whether those skills are in demand as evidenced by continued employment. Operationally defined by TWC as:

- Employment Retention Rate—"percentage of individuals who entered employment subsequent to participating in a workforce development training program who are employed (by the same employer or another employer) one year after entering employment." [It is unclear whether this is measured by UI wage records or other data.]

LEARNING OUTCOME

4. **Educational Achievement Measure** - These measures reflect whether the experience of participants resulted in a degree, license, or credential. Research indicates that, on average, the higher the educational degree, the higher the wage.

- Education Achievement Rate

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Figure 4. Core Measures ... (cont.)

OTHER SIGNIFICANT MEASURES (non-outcome)

5. **Access/Equity Measures** - These measures reflect the extent to which special populations (e.g. minorities, individuals with disabilities) are able to gain access to and receive service from various programs. While the outcomes for these segments of the population are also examined as part of the performance measurement system, it is important to ensure they have access to the programs to begin with. The following measures have yet to be fully operationalized.

- Participation Equity Rate
- Target Population Successful Outcomes Rates
- Target Population Group Identifiers for all Programs (gender, date of birth, racial ethnic groups, disabled individuals)
- Target Population Group Identifiers to be reported on if currently collected.

LEARNING OUTCOMES (definitions pending)

6. **Skill Attainment Measures** - Apart from degrees, these measures reflect whether participants attained the skills they were supposed to have attained in the program. Measurement of skills would require the development of assessment instruments, standards and curriculum for imparting the basic literacy, workplace or occupational skills. Operationally defined by TWC as:

- Basic Skill Attainment: literacy and workplace basics.
- Occupational Skill Attainment—the "percentage of certificates received by participants that are certified by a third party. Participants are individuals who participate in workforce development training programs that award certificates upon completion."

7. **Program Advancement Measures** - This measure reflects whether a participant progressed to a higher level of education of training following program participation. It is important to acknowledge this type of outcome to encourage some groups of participants, such as English as a second language and basic literacy students, to participate and to encourage program operators to serve less skilled participants.

- Advancement to Next Level of Training or Education

CUSTOMER SATISFACTION OUTCOMES (definition pending)

8. **Customer Satisfaction Measures** - These measures are more qualitative in nature and allow both participants and employers who hire (or do not hire) participants to indicate their level of satisfaction, the elements of their satisfaction, and their recommendations for program improvement. Although pending, TWC has operationally defined these two measures as follows:

- Employee/Client Satisfaction:—the "percentage of total client population not filing a complaint, i.e., clients are satisfied to the extent they did not complain."
- Employer Satisfaction:—"Retention and Earnings Gains Rates will serve as proxy measures...."

MEASURES FOR FUTURE CONSIDERATION

9. **Training-Relatedness of Placement** - This measure is being tracked during the initial pilot phase.

10. **Program Cost Effectiveness** - This measure is being researched prior to developing a definition.

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These core measures arose both from the Council's interest in developing and instituting performance measures which would cut across the various workforce programs then in existence, as well as from the related interagency effort led by the U.S. Department of Labor (following passage of the 1992 JTPA Amendments) to coordinate data collection among the federally funded programs and the National Governors' Association (NGA) project to develop core and common data elements for performance measurement for these same programs (Trott and Baj 1996). Not only was Texas one of the handful of states participating in the NGA project, but it stepped quickly into the lead role on developing core performance measures. This has important implications for the task at hand: the current set of core measures (1) were largely developed and approved prior to the passage of HB 1863, and (2) were intended to be based primarily on existing data collection and reporting systems common to Texas workforce agencies and programs.

As things now stand, the core performance measures are enjoying a very uneven reception, giving the workforce system confusing signals at both the state and local level. Some notable examples of this unevenness and confusion include the following:

- The 74th Texas Legislature explicitly incorporated the *eight* approved core measures into TWC's portion of the General Appropriations Act in 1995 (House Bill 1, Article IX, Section 166), but *not* those of the other major workforce agencies affected by HB 1863;
- TWC's Workforce Development Board Planning Guidelines (TWC 1996) augmented TCWEC's five strategic goals with a "Work-First" Goal of its own—"Increase the percentage of Texans who become and remain independent of public financial assistance," which it led with—and folded the *five* operationally defined core measures into the guidelines as well; two of these were explicitly identified as "key" measures: the Entered Employment Rate, and Earnings Gains; and
- To date, LBB has not included any of the core measures into its own set of 33 "Key Measures" for TWC or any of the other agencies, including the Council. Most of the measures which LBB has proposed for adoption and use are either process-oriented measures or are highly program-specific (e.g., Communities-in-Schools).

V. MAJOR GAPS, CHALLENGES AND NEXT STEPS

There are a number of major gaps in the current accountability system. Some of the more important of these gaps are presented here, followed by a brief discussion of challenges and next steps required to move from the current to the more ideal, systems-oriented approach to evaluating workforce efforts in Texas.

Major Gaps and Challenges

Major gaps characterize the current accountability system, relative to the ideal one laid out above. The marble cake analogy is useful to keep in mind when considering the following gaps and the challenges they present.

Workforce Service/Agency Boundary Issues. Several major efforts for providing workforce services to residents and employers still operate largely outside the immediate boundaries of the workforce system created under SB 642 and HB 1863, including especially Career and Technical Education (HECB, TEA), Adult Education (TEA) and the Smart Jobs Fund (TDoC). Not that these efforts are not essential elements of the system, but that they were not among the 28 programs consolidated into TWC with funding slated to pass down to local workforce boards. They function beyond the direct control of TWC but are under the strategic planning, oversight and evaluation umbrella of TCWEC. This is a state as well as a local issue. While the Texas workforce system clearly can continue under this construct, important adjustments must be made to the expectations and the practice of accountability at the state and local level if it is to do so effectively.

At the *state level*, the problem is evident in the fact that the Legislature in 1995 directed that the core performance measures applied only to TWC (House Bill 1) and not the other large programs operating under HECB, TEA and Commerce. For the upcoming Biennium, even the 33 "key measures" accorded to TWC exclude the core measures. In addition, the strategic goals, objectives and core measures developed by TCWEC for the *entire* workforce system under the mandates of SB 642 and HB 1863 were only placed on TWC efforts by the LBB/Governors' Office under its biennial process; again, the other large efforts referred to above—though they have made their own efforts to coordinate in the process—have not been accorded the same expectations and measures. This creates a serious imbalance at the state level.

This imbalance has ramifications for *local* workforce boards and service delivery as well. Under the existing parameters, it is not at all clear that local workforce boards can be held accountable *in exactly the same way* for the performance of workforce

services whose funds fall largely outside their control. A local board might be able to leverage career and technical services from local community colleges, and they may even be able to work out ingenious service collaboration agreements. However, these boards cannot directly *control* these services; they can only attempt to *influence* their delivery. Thus, while all of the workforce system goals and objectives and measures and standards should ultimately be extended to all of these services, regardless of which state/local entity provides them, it may be both prudent and pragmatic to consider instituting a process which rewards state operating agencies and local boards richly for outstanding service, but does not sanction them for failures which they cannot avert.

A very different alternative would be to create a combined state-level, workforce incentive fund (say, approximately 5-10 percent of the total) at TCWEC to use for rewarding state agencies and their local counterparts—e.g., local workforce boards, community colleges, adult education cooperatives, etc.—for their contribution towards achieving the key state workforce goals and objectives.

SOICC's ongoing *Consumer Report Card* project, which is being conducting in Texas with U.S. Department of Labor funding, offers yet another alternative. The Consumer Report Card effort operates on the presumption that one of the primary means of influencing behavior in a market-based system such as ours, is to provide fairly detailed, easily accessible information on the performance of specific providers in the system. Consumers can then make their own judgments—aided in part by staff in the career service centers if desired—based upon more complete provider performance information. The control/influence problem arising from the service/agency boundary problem may be minimized via this approach, particularly for the more knowledgeable consumers. Regardless of the approach, if sanctions are ultimately called for, they should apply to boards, providers and related entities; workforce funding and services still must remain in the area for serving its residents and employers. It may mean that a new set of boards/providers is required in order to do a better job.

Last, technical assistance and training (TAT) both serves as the necessary front end to a sanctions process and as an important part of the workforce capacity building process. Before invoking sanctions on poor performers, it is appropriate to offer local workforce boards TAT so that they have an opportunity to make improvements on their own. TAT also can contribute to improved performance over time by assisting locals in organizing more appropriately, discovering and implementing more effective workforce service interventions, etc. There are many precedents for such capacity building initiatives, including the Manpower Institutional Grantee system in the 1970s and early

1980s, as well as the Education Service Centers and even the Agricultural Extension Centers beyond the workforce area.

Strategic Plan Revisions. As suggested above, a number of areas in the existing Strategic Plan developed by TCWEC for the workforce system need to be improved. The existing split between "system" and "program" goals and objectives does not appear to conform to the system/services notions outlined here. Instead, they seem to relate more to a "management system" (e.g., fiscal, MIS) versus "categorical program" distinction which may not be as useful. In addition, many of the existing goals appear to be written more in the form of vision statements, while some of the objectives read more like strategies, and the core measures do not align well with the current goals and objectives. Finally, Texas' workforce legislation requires local service delivery systems to have both resident and employer services components. Implicit in this requirement is the importance of employers as a primary customer of the workforce system. The current plan fails to include a single employer-related goal or objective. This must clearly be addressed in the very near future, in that measures and standards for both performance management and evaluation should be inextricably tied to goals at the state and local level.

TCWEC. TCWEC is functioning at a disadvantage at present in light of the performance management and evaluation responsibilities accorded it in existing law. TCWEC would be more appropriately situated to carry them out effectively if it were either a completely independent and separate entity (e.g., the Health and Human Services Commission) or part of the Governors' Office of Budget and Planning. It is inappropriate for the agency which is legislatively entrusted with the ultimate responsibility for planning, overseeing and evaluating the performance of the entire workforce system to be relegated to a relatively subordinate position in the Governor's Office, while the agencies it oversees answer to powerful, independent boards and commissions. Such a structural mismatch in governance creates unrealistic expectations in terms of an accountability system and what it can achieve.

SOICC. Over the years, SOICC has emerged as a key actor in documenting service outcomes—especially those over longer periods which require substantial administrative data matching—for both residents and employers across the existing array of workforce programs (Froeschle and Anderberg 1994, 1995). However, SOICC lacks autonomy from the operating agencies, not to mention reliable, ongoing sources of funds, both of which are required if it is to continuing serving as the autonomous, objective descriptor of the workforce system's performance for Texas. Without SOICC's

leadership, vision and persistence, these data would in all likelihood not have been available to state policymakers and evaluation researchers.

Under SB 642, SOICC and its duties were transferred to the newly created (then-independent) TCWEC though in practice it functioned largely as its own entity. Under HB 1863, it is part of TWC, despite the fact that, by federal law, its governing board is comprised of officials from nonTWC programs (e.g., career and technical education). In addition, virtually none of SOICC's budget for performing the essential data collection and reporting functions in support of both performance management and evaluation is in the form of "hard money" contributed by the operating agencies. Instead, SOICC has been aggressively entrepreneurial in raising these funds—a large share of them are *federal*—each year on a contract-by-contract basis. This is an inappropriate way to conduct or provide for one of the most critical parts of the performance management/evaluation system. The result of this situation is that SOICC's data collection and reporting efforts are of necessity designed more for its individual customers (HECB, TWC, USDOL) and their needs than for the workforce system's evaluation requirements.

SOICC's autonomy should be restored, and its funding should be made more dependable. It should not be put in a position of having to sell the operating agencies its information services, at least as they are required to support the evaluation of workforce services.

Core Performance Measures Revisions. The core performance measures which have been developed and adopted (1995) for use by the Texas workforce system need to be modified in several key respects as well. First, it is clear from this analysis that, while employers are quite clearly one of the system's primary customers, ***employer-related measures*** are lacking (as are associated employer goals and objectives). Such measures have received very little space in the evaluation or performance management literature and do not offer much to go on in terms of a track record. Employer goals, objectives and related measures must be developed in the near future; suggested employer measures will be offered in the future. The role of skills standards must also be explored further for possible connections to core measures, though this tie may be premature just yet; skill standards development appears to be progressing on a slower track at the national and state level and might be considered for future pilot projects related to employer-oriented performance measures.

Second, while ***customer satisfaction*** has been much touted as a measure of performance in the management literature since the early 1980s, it is unclear that it should play a role at the *state* level in the new system. What are the implications of a

decline in employer or resident satisfaction at the systems level? What responses are called forth? Such measures have an essential place in measures at the local level, closer to the point at which services are actually being delivered. To be useful, customer (dis)satisfaction measures should elicit relatively immediate responses in terms of service delivery changes locally. Customer satisfaction should be dropped from the core performance measures *at the system level*; however, such measures should be featured as an integral part of the *local* performance measurement array.

Third, on further examination, ***program advancement*** should be eliminated from the existing set of core measures and relevant portions contained within it combined into the educational skills attainment measure. Program advancement, *per se*, does not appear to warrant core-measure status. It is not a measure well recognized by employers. After all, it is skills-related to employers' needs that are important to them. Instead, the program advancement measure appears to persist in the longstanding (but ill-advised) tradition of process-oriented measures which SB 642 and HB 1863 attempted to rectify. If the system is to be truly performance—and primarily outcomes—driven, then program advancement measures should be dropped in favor of ones tied to skills attainment.

Fourth, ***earnings gain measures based on*** *earnings at program entry* should also be eliminated. Considerable discussion and debate led to their inclusion in the original set of core measures. However, there is a "fatal flaw" inherent in these measures on the one hand, and, on the other hand, more recent developments have made them obsolete. The fatal flaws stem from the fact that most participants and many students seek to enroll in workforce related services due to a recent or imminent decline in their earnings. These declines—referred to in the literature as the "earnings dip" phenomenon (Ashenfelter 1978; Bassi 1984)—are usually temporary, and much of their subsequent earnings gain represents a natural recovery to their longer-term earnings path. When changes in earnings are measured from program entry, they tend to attribute far too much of the gain to the intervention. Such measures also reinforce service providers' tendencies to "cream," enrolling those most likely to do well *regardless* of the intervention. Happily, the recent availability of up to four years of UI earnings records on-line means that, as long as Social Security numbers (SSNs) are used for participant/student identification, it will be possible to secure sufficient earnings data to avoid the earnings "dip" problem. Note that this solution works primarily for adults and youth with substantial earnings history; it does not work for new entrants whatever their age. Of course, neither does measuring gains based earnings at program entry. This measure should be dropped.

Fifth, the initial development of the ***access/equity measures*** appears to have generated measures for far too many groups to be practical, particularly in the context of

a system intended to offer access to *all*. At the broadest level, universal access implies few if any service priorities. In reality, however, access/equity concerns relate more to *needs* that certain groups may have (e.g., basic skills deficiencies, inadequate earnings, poor work experience). The current measures exhibit a "second-chance program" emphasis which should be reconsidered.

Moreover, if all of the groups for whom core access/equity measures have been identified in the current set are truly priority groups of interest, then ultimately none of them are. This is a lesson learned the hard way over many years of implementing workforce programs. It is important that policymakers prioritize a smaller number of groups for inclusion in the access/equity measures—and to consider them in the context of *particular service strategies*—if they are to serve their purpose effectively. This process has already begun with the 1996 LBB/ Governor's Office process of establishing goals and measures for agencies. A final point on the access/equity issue is that there may need to be a companion set of *employer-oriented measures*. For example, to some extent, a small-employer penetration rate for business services might be thought of as an access measure on the employer side.

Finally, a ***technical correction*** should also be made to the earnings gain measures. The current earnings measures improperly measure gains by computing them based on *differing cohorts* of participants. For a gain measure to accurately capture earnings gains, the cohort being tracked should contain the same members both pre- and post-services. Note that TWC soon will have up to 16 quarters of UI wage records available on-line at any time, facilitating measurement of earnings (and employment) measures considerably. Accurate earnings (and employment status) measurement requires much longer measurement periods than have typically been feasible (King et al. 1996).

TCWEC and its partners in the workforce system must push ahead with further research and design work on several measures. SOICC's preliminary analysis details the complexity of devising and using training-relatedness measures as indicators of success. Cost-effectiveness measures also need further work, including the development and testing of some type of return-on-investment (ROI) measure. This would have been a more problematic measure under the program-oriented world which existed prior to HB 1863's passage, but, data systems permitting, it would appear to be one of the essential measures (King 1995). From the systems level, ROI or other cost-effectiveness measures might be most appropriately tied to the more intensive, development-oriented service strategies. Employers are likely to relate better to a workforce system which can communicate in an ROI context as well. Another set of measures which need intensive research are those tied to skill attainment. Current measures appear to be poor proxies for

real skill attainment. This should be tied to ongoing skill standard development work by TCWEC and other national and state groups.

Recommended Next Steps

A number of important next steps are recommended to move towards a systems evaluation approach to accountability for Texas workforce development services along the lines described earlier. These recommended steps are organized into three broad phases. Phase I consists of steps to be taken immediately, i.e., before June 30, 1997. Phase II offers a series of longer-term steps to be taken from July 1997 through June 1999. And, Phase III presents steps which should be taken over the long run, between July 1999 and June 2001.

This approach recognizes the immediate pressures to set in place some measures that will allow the system to respond to the elected and appointed officials who inevitably ask the straightforward questions, "Is it working?" and "Are we making a difference?" These are inherently fair and appropriate questions for them to ask, and the workforce system must be prepared to answer them with some degree of confidence. So, it is important for the system to step out and soon.

Phase I: Immediate (present - June 1997)

1.1 The LBB, in partnership with TCWEC and the Governor's Office, should immediately establish two of the existing core performance measures—the ***Entered Employment Rate*** and ***Average Earnings Gain Based on Previous Earnings***—as *the* key workforce measures for the next Biennium, not just for TWC but for all of the workforce system's operating agencies. These two measures should be inserted into the appropriations bill for *all* the agencies.

1.2 TCWEC should work closely with its workforce partner agencies to design and ***establish performance "targets"*** for the Entered Employment and Average Earnings Gain measures for all the relevant workforce agencies, recognizing that such targets will ultimately vary by service population and regional conditions, among other factors.

1.3 TCWEC should make the following modifications to the existing set of core performance measures:

- Eliminate the earnings gain measures based on earnings at program entry.
- Base the remaining earnings gain measures on same-cohort, pre-post computations, with previous earnings calculated on at least 6 to 8 pre-entry UI-covered employment quarters.
- Eliminate customer satisfaction measures at the state/systems level, while at the same time encouraging local boards and other entities to continue using them in their performance management systems locally.

1.4 TCWEC should continue working with its partner agencies to ***conduct further research designing the remaining core measures***, attempting to resolve problems identified with access/equity, refining the relationship between program advancement and related measures, and researching and developing employer-oriented, skill attainment and cost-effectiveness (e.g., return-on-investment) measures.

1.5 TCWEC should work closely with each of its partner agencies at the state and local level to **identify the basic data reporting elements** required to support the core performance measures established for the workforce system.

1.6 The Legislature should ***reinstitute SOICC's status as an independent entity*** and ***provide for its funding***, so that it may more appropriately and objectively fulfill its data support and coordination role for the *entire* workforce system.

Phase II: Longer-Run (July 1997 - June 1999)

2.1 TCWEC, working with its key partners, the Legislature, the Governor's Office and the administering agencies, should ***clarify the key workforce actors' strategic roles and relationships*** in the workforce system.

2.2 TCWEC should ***redo its strategic planning process***, making it inclusive of its workforce partners at the state and local level and substantially revising the existing goals and objectives as the framework for refining the core measures.

2.3 The LBB, the Governor's Office and TCWEC should take the lead, working closely with the workforce partner agencies at the state and local level, to ***bring the state and local workforce planning, budgeting and funding process in line with the state's biennial planning and budgeting cycle***.

2.4 TCWEC, working closely with its workforce partners at the state and local level, should ***refine the remaining core performance measures***, following the principle that less is better, in order to provide clear focus to the system. For example, TCWEC should:

- Establish an employer-based core measure.
- Clarify and establish an appropriate but very limited set of access/equity core measures, presumably tied to needs-based service strategies.
- Clarify and establish an appropriate skill attainment core measure.
- Clarify the relationship between the program advancement and closely related core measures (e.g., skill attainment).

2.5 TCWEC should work closely with its partner agencies at the state and local level to **identify the basic data reporting elements** required to support any *additional* core performance measures established for the workforce system.

2.6 TCWEC, working closely with each of its partner agencies, should develop and utilize better ***mechanisms to more effectively communicate*** its service goals, objectives and measures to local boards and other entities.

Phase III: Long-Run (July 1999 - June 2001)

3.1 The Legislature should ***appropriate all federal and state workforce funds through TCWEC*** to the workforce partner agencies and provide TCWEC with limited authority to modify the agencies' allocations to achieve system objectives, federal law and regulations permitting.

3.2 The Legislature should ***reserve from 5-10 percent of appropriated federal and state workforce funds for rewarding state agencies and their local counterparts*** based on their contribution to achieving system performance objectives, federal law and regulations permitting.

VI. ACTION PLAN

This section presents an evaluation action plan—with major tasks, actors with lead responsibility, and timelines—designed to move Texas from the current approach to implementation of the desired workforce accountability system. It is structured to accomplish this in three broad phases: Phase I, which are immediate tasks to be accomplished before June 30, 1997; Phase II, which are longer-term tasks to be carried out from July 1997 through June 1999; and Phase III, encompassing changes to the system which should be accomplished over the long run, between July 1999 and June 2001.

Task (Lead Responsibility) Target Date

Phase I: Immediate (present - June 1997)

1.1 Establish the Entered Employment Rate and Average Earnings Gain Based on Previous Earnings as the key workforce measures for the next Biennium, for all workforce operating agencies. (LBB, GO & TCWEC) 3/97

1.2 Design and establish performance "targets" for Entered Employment Rate and Average Earnings Gain measures. (TCWEC, partner agencies) 3/97

1.3 Modify the existing core performance measures, eliminating several and making technical corrections to others. (TCWEC, partner agencies) 6/97

1.4 Design the remaining core measures, including access/equity, employer-oriented, skill attainment and cost-effectiveness (e.g., ROI) measures. (TCWEC, partner agencies)6/97

1.5 Identify the basic data reporting elements required to support the core workforce performance measures. (TCWEC, partner agencies) 6/97

1.6 Reinstitute SOICC's status as an independent entity and provide for its funding. (Legislature) 6/97

Phase II: Longer-Run (July 1997 - June 1999)

2.1 Clarify key actors' strategic roles and relationships in the workforce system. (TCWEC) 10/97

2.2 Redo the workforce system's strategic planning process, substantially revising existing goals/objectives. (TCWEC, state/local partners) 12/97

2.3 Bring the state and local workforce planning, budgeting and funding process in line with the state's biennial planning and budgeting cycle. (LBB, GO, TCWEC, state/local partners) 6/99

2.4 Refine the remaining core measures, including employer-based, access/ equity, skill attainment and program advancement. (TCWEC, state/local partners) 1/98

2.5 Identify the basic data reporting elements required to support additional core performance measures. (TCWEC, state/local partners) 6/98

2.6 Develop better mechanisms for communicating service goals, objectives and measures to local boards et al. (TCWEC, partner agencies) 6/99

Phase III: Long-Run (July 1999 - June 2001)

3.1 Appropriate all federal and state workforce funds through TCWEC to workforce agencies and provide TCWEC with limited authority to modify agencies' allocations to achieve system objectives. (Legislature) MM/99

3.2 Reserve 5-10 percent of appropriated federal and state workforce funds for rewarding state agencies and their local counterparts based on their contributions to system performance. (Legislature) MM/99

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